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May 20, 2010

Ms. Mary Rupp, Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

Re: Comments on Proposed Rule on Fixed Assets, Member Business Loans, and Regulatory Flexibility Program 12 CFR Parts 701, 723, and 742

Dear Ms. Rupp and Members of the NCUA Board:

I am writing on behalf of the Board of Directors and management team of Visions Federal Credit Union which is headquartered in Endicott, New York and serves 124,000 members in southern New York and northern Pennsylvania.

Risk is a part of the business of running credit unions and is undertaken every minute that a home banking program is available, or when a consumer loan is made. Some risks, such as fraud or economic calamity due to closing of a major employer or a natural disaster, are not avoidable but can be mitigated somewhat through good planning.

The point of course is that despite the extreme examples used in your letter of fixed asset building investments and member business loans gone bad, that there are ninety-nine credit unions that managed their risk well or adequately through the economic tsunami we just experienced for every poorly managed one. Our delinquency rate is .14 of 1% so why punish us and make it more difficult to make business loans to our members?

All risk cannot and should not be regulated out of the system. Visions Federal Credit Union and others like us should not be punished and put in uncompetitive positions because some minority of credit unions opened too many branches or made poor Member Business Loans. Many of our business loans are going to people who will create jobs in a section of Upstate New York that banks have abandoned.

Yet your proposed regulation does exactly that and indirectly threatens the credit union movement more than the bankers' attacks against us by regulating competitiveness.

Our specific comments and suggestions follow:

Section B.2 Fixed Assets - We understand that simply having enough capital does not make up for a good plan when deciding on when and how much to invest in facilities or other fixed assets, but we still believe there needs to be some flexibility beyond the 5% of Shares and Retained Earnings for well capitalized credit unions. We also remind the Board that the country just experienced one of the worst economic downturns in its history, with real estate plummeting to record yearly declines in many areas of the country. This "perfect storm" is not likely to happen again soon, so this change in the rule may be an overreaction to a temporary problem.

This being said, we would like to offer a compromise of perhaps a cap for Reg Flex credit unions of 6-10% of Shares and Retained Earnings based on a sliding scale of how much their capital or RBNW is above Well Capitalized. Any planned investment above this amount, or should fixed assets increase above the approved ratio due to declining share or equity, must be approved or reported to the Regional Director.

Section B.3 MBLs - Neither the FDIC nor OCC require personal guarantees on all their institutions' commercial lending that you are now proposing to rescind for Reg Flex credit unions. By passing this proposal, you would be stating that you cannot trust your regulated credit unions to make commercial loans like the other regulators.

Drop Your Proposal! - Or consider a compromise. Forget Reg Flex, and allow this exception and others under a blanket waiver – not individual - from the Regional Director if a Member Business Lending program can prove to its examiner that it has the experience on staff, policies, and for new programs the capital to back up loans without personal guarantees.

We also point out that Member Business Loan delinquency at many credit unions remains very low such as ours at .14 of 1%. Why are we being punished for the economic climate in other states and because of a small number of credit unions and their examiners that failed to control their risk?

Section B. 4 Stress Testing of Investments - We have no problem with this change since we feel this is a prudent practice regardless of a financial institution's size or net worth.

Section B. 5 Discretionary Control of Investments - We also have no problem with this change.

In conclusion, we believe you are overreacting in the case of fixed assets and particularly MBL lending because of unique circumstances and some credit unions that poorly managed their risk. We urge you in the strongest way possible to reconsider your actions in this area because of the negative ramifications your actions will have on credit unions and our ability to compete and serve our members in the new business climate.

Sincerely,

Frank E. Berrish
President/CEO

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cc: Mr. Fred Becker, President – NAFCU
Mr. Bill Mellin , President – CUANY
Mr. Michael Fryzel, Board Member – NCUA
Mr. Dan Mica, President – CUNA
Ms. Gigi Hyland, Board Member – NCUA
Ms. Deborah Matz, Board Chair – NCUA